

Australia's Aid Program for Bougainville

Introduction

- 6.1 Australian aid to Bougainville is a major component of our bilateral development assistance program for PNG. The total program amounts to over \$300 million per year, making Australia by far the largest donor of aid to PNG and Bougainville.
- 6.2 Chapter 3 presented an overview of the bilateral aid framework which underpins Australia's aid program for Bougainville. This Chapter examines in more detail the components of the Australian aid program, the appropriateness and effectiveness of the aid delivery mechanisms and the scope for improving performance in providing assistance for Bougainville's reconstruction and rehabilitation.

The Aid Framework

- 6.3 Australia's total estimated aid program for PNG is \$328.9 million in 1999-2000, including a budget support component of \$64.0 million.¹ All official aid to Bougainville is delivered under the terms of the bilateral aid treaty (the Treaty on Development Cooperation of 1989) which recognises Australia's support for PNG's sovereignty in relation to Bougainville. Although other external aid donors provide assistance to Bougainville, Australia is by far the largest contributor, with commitments to expend

1 See Table 3.1, 'Australian Aid to PNG: 1994-95 to 1999-2000'.

over \$100 million on reconstruction and redevelopment by the end of the 2002-03 financial year.²

- 6.4 The total expenditure of Australian aid to Bougainville since 1991 has amounted to around \$45 million. New Zealand's assistance to Bougainville amounts to approximately \$5 million a year, and other contributions are made by international non-government organisations (NGOs), the World Bank, the European Union and the Asian Development Bank.³ Of the \$100 million package of Australian aid to Bougainville, approximately \$11 million had been spent by February 1999, and a further \$30 million had been committed for current and planned projects.⁴ AusAID provided an update of Australian aid projects currently under way or planned in Bougainville, the total commitment representing \$66.3 million as at 27 July 1999.⁵
- 6.5 The PNG Government's own contribution to investment and administration in Bougainville was estimated in February 1999 as being equivalent to just over \$6 million in the 1998-99 PNG budget, of which a very small proportion had been actually disbursed.⁶

From Budget Support to Jointly Programmed Aid

- 6.6 In 1991, the Committee strongly recommended replacement of budget support by program and project aid, with the selection of program areas to be based on sound economic and social policies in consultation between the two governments. The capacity of NGOs to deliver cost-effective project aid was supported, and the Committee recommended that financial support for those organisations should be increased.⁷
- 6.7 Since 1992, budget support to PNG has been phased out in favour of 'jointly programmed aid' managed by Australia. The final budget support payment will be made in June 2000. Table 6.1 below illustrates the phased reduction of the budget support component which has occurred since 1994.

2 Hon Alexander Downer MP, Minister for Foreign Affairs, Media Release FA105, 'Bougainville', 25 August 1997.

3 DFAT/AusAID/Defence, Submission, pp. 487, 497. AusAID, Transcript, 19 February 1999, p. 10.

4 DFAT/AusAID/Defence, Submission, p. 497.

5 AusAID, Exhibit 22(b) - see Appendix L. Hon Alexander Downer MP, Minister for Foreign Affairs, House of Representatives, *Hansard*, 9 June 1999, p. 5158.

6 DFAT/AusAID, Transcript, 19 February 1999, p. 30.

7 JSCFADT, *Australia's Relations with Papua New Guinea*, December 1991, pp. 144-149 and *Papua New Guinea Update*, February 1997, pp. 51-52.

Table 6.1 Australian Aid to PNG/Bougainville: Phased Reduction of Budget Support

	1994-95	95-96	96-97	97-98	98-99	99-2000
	\$m	\$m	\$m	\$m	\$m	\$m (est.)
Total aid to PNG	307.6	312.2	313.2	313.7	299.9	328.9
(includes Budget support)	(230.3)	(193.6)	(158.3)	(122.5)	(71.1)	(64.0)
Jointly- programmed aid to PNG	77.3	118.6	154.9	191.2	228.8	264.9
(includes aid to Bougainville)	(2.1)	(1.0)	(5.6)	(18.0)	(17.9)	(21.5)

Source: AusAID, Exhibits 19(c) and 22(a).

Australia's Total ODA Budget

- 6.8 As stated in the Aid Budget Summary for 1999-2000, Australia's assistance to PNG 'will maintain its focus on the jointly agreed priority sectors of education and training, health and infrastructure, as well as implement projects in renewable resources, governance, public sector management, private sector development and law and justice sectors'.⁸
- 6.9 The same document showed that, as a percentage of GNP, Australia's total aid contribution as official development assistance (ODA) for 1999-2000 will be only 0.25 per cent of GNP (Gross National Product), whereas Australia contributed 0.27 per cent in 1998-99.⁹ This apparently declining contribution was criticised at the time in the national press as representing an historically low level for ODA funding.¹⁰
- 6.10 In response to a request for clarification of the decline in ODA levels, DFAT explained in evidence that the \$1.5 billion aid budget maintains the previous levels of Australia's contribution and is in fact higher than the global average of 0.22 per cent for donor countries. The reason for the apparent decline was stated as a combination of an increase in Australia's GNP figure and a change by the Australian Bureau of Statistics (ABS) in

8 AusAID, Exhibit 19(c), p. 1.

9 AusAID, Submission, pp. 507-508.

10 *The Sydney Morning Herald*, 12 May 1999, p. 13. *The Courier Mail*, 12 May 1999, p. 33.

the method of calculating GNP and GNI (Gross National Income).¹¹ Nevertheless, the Committee notes that 0.25 per cent is still a long way behind the UN's indicative target of 0.7 per cent of GNP/GNI.

The Scope of the Aid Program for Bougainville

- 6.11 AusAID has been working fairly consistently in Bougainville since 1993. Before then only limited relief programs were operating during periods of relative calm, including support to Australian and PNG-based NGOs engaged in peace and restoration projects.¹² When fighting erupted again in September 1994, AusAID was forced to review the planned reconstruction projects. Large areas of the main island were too insecure for major rebuilding projects and the safety of aid personnel could not be guaranteed. It was agreed with the PNG Government to refocus the restoration program on the peaceful areas in the north of the province, including the island of Buka, other islands to the north and small controlled areas in the far north of Bougainville Island. This focus of assistance on peaceful areas of the province has caused continuing tensions in areas which have not received aid support, as discussed in more detail below.
- 6.12 The advent of a structured peace process in mid 1997 enabled AusAID to consolidate the overall assistance program for Bougainville and to expand aid activities across the whole province.¹³
- 6.13 Australian aid could not possibly (and should not) meet the entire development and reconstruction needs of the province.¹⁴ The main focus of the Australian aid program for Bougainville continues to be activities which directly assist the peace process, as well as the rebuilding of damaged or destroyed infrastructure, and assistance in restoring basic services in the priority sectors of education, health and agriculture.¹⁵

11 AusAID, Transcript, 4 June 1999, pp. 286-287. The basis for the calculation of the ratio was changed from GNP to GNI, as stated in the end note of Exhibit 19(c). See also AusAID, Submission, pp. 507-508.

12 AusAID, Exhibit 6, 'Activity Details, Bougainville NGO Project'.

13 DFAT/AusAID, Submission, p. 497.

14 Ibid, p. 499. Hon Alexander Downer MP, House of Representatives, *Hansard*, 9 June 1999, pp. 5158-5159.

15 DFAT/AusAID, Submission, p. 497. AusAID, Transcript, 19 February 1999, p. 28 and 4 June 1999, p. 283. JSCFADT, *Interim Report*, p. 9. NGOs such as World Vision Australia also recommended small scale village-based agricultural development programs for Bougainville—see Submission, p. 406.

Political Sensitivity of Aid Projects

- 6.14 The Committee delegation to Bougainville in March 1999 was made acutely aware of the political sensitivities and complexities inherent in providing aid to Bougainville. While Australia's contribution was generally praised, on numerous occasions in Port Moresby and in Bougainville, the delegates heard criticisms from some opposition sources about the size and direction of the aid provided by Australia. These criticisms were in a sense inevitable, given the expectations of the Bougainville factions that aid should be delivered direct to the parties without 'interference' from the central government, and the strong desire of all the factions to manage the aid themselves. In Port Moresby, some political leaders maintained that Australian aid was benefiting a secessionist province whose people had wantonly destroyed facilities which were far superior to those existing in other PNG provinces.¹⁶ There may also be perceptions that the scale of Australia's aid only serves to draw unfavourable comparisons with the inability of the central administration to provide essential services.
- 6.15 In evidence, DFAT and AusAID emphasised the highly political (and politicised) nature of aid to Bougainville. Hence there is always the potential that the provision of aid could create as many problems as it solves. As a result, aid recipients have been critical of the type and location of aid projects and tensions have been created between particular groups.¹⁷ ACFOA and Anthony Regan agreed that aid delivery is a highly sensitive issue which if not handled in an open and equitable way has the potential to cause significant tensions.¹⁸
- 6.16 Implementation of Australian aid activities in Bougainville has been constrained by various factors. These include 'an uncertain and fluctuating security situation, the lack of a clear coordination mechanism acceptable to all parties, weak public and private sectors with low absorption capacity and unreliable transport infrastructure, which has made aid delivery very difficult and very expensive'.¹⁹ The absence of a sound local administration in Bougainville has particular implications for implementing aid programs, making it imperative to strengthen administrative capacity in order to work through local institutions at an appropriate pace and an appropriate level, as AusAID observed:

16 JSCFADT, *Interim Report*, pp. 13-14.

17 DFAT/AusAID, Transcript, 19 February 1999, pp. 8, 9 and 29.

18 ACFOA, Transcript, 19 February 1999, p. 48. A Regan, Submission, pp. 604-605.

19 DFAT/AusAID/Defence, Submission, p. 499.

We are in a bit of a hiatus now. We have political developments taking place and a lot of the administration ... are very focused on the politics of Bougainville. We as aid administrators usually interact with a province in terms of its project implementation capacities. These are very lacking in Bougainville.²⁰

- 6.17 In evidence, Anthony Regan also highlighted weak administrative capacity in Bougainville as an important factor to be considered in improving the political stability of Bougainville and providing assistance for reconstruction.²¹ This weakness illustrates what has been described as the 'moral hazard' for Australia and other external aid donors, which in effect means being so well established as a provider of assistance or services that the rightful authorities are not encouraged to accept responsibility in the longer term.²²
- 6.18 Australia has made concerted efforts to be more flexible in the provision of aid to Bougainville than in the other PNG provinces, as AusAID explained, which has had repercussions for relativities within PNG:

... we have done things that we would normally not do, basically to respond to the special needs of Bougainville. However, that does establish structural tensions between Bougainville and the rest of PNG.²³

Levels of Australian Aid Funding for Bougainville

- 6.19 The Committee's interim report suggested that the Australian Government consider allocating specific funding to Bougainville over and above the current agreed PNG aid program.²⁴ While acknowledging that Bougainville is a special case, AusAID responded that Bougainville is already over-represented in the Australian aid program compared with the other PNG provinces:

When you take into account the direct funding going into Bougainville and then in a sense the spin-off from the national programs and projects that we are operating in PNG, then Bougainville is very well represented at the moment, and

20 AusAID, Transcript, 4 June 1999, p. 283.

21 A Regan, Transcript, 4 June 1999, p. 265.

22 AusAID, Transcript, 4 June 1999, p. 271.

23 AusAID, Transcript, 19 February 1999, p. 8.

24 JSCFADT, *Interim Report*, p. 22. See also Table 6.1.

expenditure figures will, [we] think, go up in a modest way over the next few years.²⁵

- 6.20 During the initial public hearing, AusAID indicated that the announced allocation of \$100 million for Bougainville over five years was not additional to the overall bilateral funding budget for PNG. Further, AusAID explained that if an average figure for aid to all the PNG provinces were to be calculated, the amount would be around \$20 million per year for each province.²⁶ In a later appearance, and in response to the Committee's conclusion in the interim report that consideration should be given to recognising Bougainville as a special case for supplementary aid funding, AusAID reiterated that any proposal to increase Australia's overall funding for PNG is a matter for the Australian Government. AusAID also emphasised that the PNG sovereignty issue precludes directing extra funds to Bougainville outside the bilateral treaty arrangements.²⁷
- 6.21 The Committee considers that the special circumstances pertaining to the scale of the reconstruction and rehabilitation task in Bougainville after ten years of violent conflict and destruction justify further examination of the possibility of increasing PNG's aid funding, to provide for a special allocation to Bougainville.

Recommendation 12

- 6.22 **The Committee recommends that, in the special circumstances applying to Bougainville at a critical stage in the peace negotiations and reconstruction of its devastated infrastructure, the Australian Government consider the possibility of increasing the overall aid program to Papua New Guinea in order to provide some additional funding for Bougainville.**

Developments in East Timor - Impact on Bougainville?

- 6.23 During the Committee delegation's visit to Bougainville, and particularly during meetings with faction leaders in Arawa, questions were asked about the likelihood of Australia diverting aid from PNG and Bougainville

25 AusAID, Transcript, 4 June 1999, p. 271.

26 Ibid, p. 10.

27 JSCFADT, *Interim Report*, p. 22. AusAID, Transcript, 4 June 1999, p. 271.

to assist East Timor. The leader of the delegation denied the suggestion, as recorded in the report of the visit.²⁸ In evidence, AusAID reiterated reassurances that there was no expectation that aid funds would be diverted from PNG or Bougainville.²⁹

6.24 Since the recent referendum conducted in East Timor under UN auspices, the scale of the tragic events in that province has escalated dramatically. At the time of writing, there have been harrowing reports of intimidation and violence by militia forces, with the complicity of police and the military.³⁰ The RAAF has evacuated Australian civilians, some East Timorese people, foreign and Australian humanitarian workers and UN personnel. Thousands of East Timorese have fled to the mountains or been forced from their homes. A looming humanitarian disaster now seems only too real, unless intervention by armed multi-national peace-keepers can be agreed.³¹

6.25 While recognising the scale of the tragedy unfolding in East Timor, and Australia's commitment to assist where possible, the Committee would not want the situation in East Timor to divert attention from the necessary work that still needs to be done to assist the recovery of Bougainville and its people.

Australia as Leading Aid Donor

6.26 AusAID is conscious of suggestions from some NGOs that external donors should deal directly with Bougainvillean representatives rather than through the PNG Government in determining aid parameters and priorities for the province. It has also been suggested that, as the largest aid donor, Australia should coordinate all aid for Bougainville. The response from AusAID to these suggestions has been that PNG's sovereignty must be respected and that consultations with a range of Bougainville communities is an on-going part of the aid program. Accordingly, AusAID reiterated in evidence its view that the PNG Government is the appropriate coordinating mechanism for aid to Bougainville, adding that there were strong arguments for keeping the

28 JSCFADT, *Interim Report*, p. 22.

29 AusAID, Transcript, 4 June 1999, p. 277.

30 Widely reported in the Australian media, for example in *The Australian* and *The Sydney Morning Herald*, 8 and 9 September 1999 and *The Age*, 10 September 1999, p. 1.

31 President Habibie announced on 12 September 1999 that Indonesia would accept the presence of an armed UN peace-keeping force from 'friendly nations'.

largest aid donor (Australia) outside the coordination process, for historical and other reasons.³²

6.27 AusAID also explained the consultation processes involved in determining which aid projects should be funded. As well as developing strategic plans within the overall bilateral aid arrangements, AusAID seeks to ensure there is a geographic distribution throughout Bougainville and that the priority sectors of the program are well represented. These program considerations are subject to on-going consultations with PNG authorities at the central and provincial administration levels.³³

6.28 Bougainville itself does not yet have a unified voice to formulate its own priorities for development assistance. The developing BPC, in time, could provide an appropriate avenue for determining aid priorities, and when the Bougainville Reconciliation Government (BRG) is finally established, that body would be the appropriate mechanism for discussing priorities with the PNG Government and with external aid donors. Until then, AusAID will be required to consult in Bougainville with a whole range of leaders and groups in an attempt to reach agreement on where the aid projects should be undertaken:

We are working very closely with the PNG Government and the provincial administration in terms of forward planning. We have just had a health mission come back from I think two weeks in the field. We have an education mission going later this year, and that will be followed up by a renewable resources agricultural mission. We are working on the assumption that the peace process will continue and the situation will return to normal.³⁴

6.29 Although the PNG Government's role in the coordination of aid for Bougainville has been acknowledged, the lack of effective administrative mechanisms for coordination has generated problems. As Anthony Regan has stated, the responsibility for overall coordination of aid for Bougainville has been a source of tension between Bougainvillean leaders and the Office of Bougainville Affairs (OBA):

Not only have there been efforts by OBA to take roles that the Bougainville administration believes should be in Bougainville, there is also the proposal contained in the Matakana and Okataina Understanding that much should be handled by an authority

32 AusAID, Transcript, 4 June 1999, p. 272.

33 Ibid, p. 278.

34 Ibid, p. 283.

established under a law of the PNG Parliament, the model being the Gazelle Restoration Authority ...³⁵

6.30 AusAID acknowledged that aid coordination required continuous attention, as there are an increasing number of NGOs working in Bougainville and there were other aid donors entering the scene.³⁶ These issues are illustrated by the long-standing wharves project in the south of Bougainville (Kangu Beach and Mamagota), which had been complicated first by security considerations and then by differences within the BRA/BIG about whether the priority should be given to the repair of wharves in central Bougainville instead.³⁷

6.31 AusAID has been encouraging the PNG Government to undertake joint 'needs identification missions' in Bougainville, in the sectors of health and education, with specific reference to women and children's health and hospital services, for example:

Most likely what will happen is that some of our well-established health programs in PNG generally will be able to include Bougainville into certain components. ... Instead of a special little activity just for Bougainville, we are really incorporating it into health, education and infrastructure programs throughout Papua New Guinea.³⁸

6.32 According to ACFOA, coordination of the aid programs remain an important issue, and even more official Australian aid could be channelled through NGOs:

NGOs are not particularly welcome in the coordination meetings that AusAID has with the PNG government and some of the other international players like the World Bank and the European Union and so on. There are coordination meetings and, essentially, the only NGO invited is the Red Cross. In fact there is a wide range of non-government organisations in Bougainville.³⁹

35 A Regan, Submission, p. 600.

36 AusAID, Transcript, 19 February 1999, p. 9.

37 DFAT/AusAID, Transcript, 19 February 1999, p. 29.

38 AusAID, Transcript, 19 February 1999, p. 28.

39 ACFOA, Transcript, 19 February 1999, p. 47.

The Role of NGOs

- 6.33 NGOs have been a significant element of Australia's development cooperation program with PNG for many years. Church groups have been active in PNG since last century, and are particularly important in the delivery of health and education services. Other NGOs—Australian, indigenous and international—are supporting a range of cooperative activities, for example with women's and youth groups, in poverty-alleviation projects, and in environmental fields. Collaboration with NGOs provides flexibility in delivering aid to small and remote communities.
- 6.34 The importance of recognising the cultural context in pursuing essential consultations with Bougainvillean communities was highlighted by Anthony Regan, who indicated that some well-meaning organisations enter Bougainville with their own agendas, with little understanding of the cultural sensitivities and with inadequate sustainability and exit strategies. He added that Melanesian politeness prevents Bougainvilleans from refusing assistance that they might consider inappropriate.⁴⁰

Australian NGOs

- 6.35 World Vision Australia (WVA) provided a useful description of the expertise NGOs bring to the task of rebuilding and rehabilitating Bougainville:

NGOs have extensive and particular experience and skills in human development, community consultation, process and program flexibility that are so necessary for appropriate aid programs on Bougainville. AusAID can use this NGO expertise to channel aid funding to communities Building capacity and giving hope, especially with things like micro-enterprise development, education and training—these are the things that the people are asking for.⁴¹

- 6.36 There are many Australian NGOs and church organisations with long experience in PNG and Bougainville. At present, there are around sixteen Australian NGOs with a presence in Bougainville.⁴² The Committee commends the contribution made by these organisations, often under difficult circumstances and with very limited resources, to the

40 A Regan, Transcript, 4 June 1999, pp. 289-291.

41 WVA, Transcript, 12 April 1999, p. 94.

42 ACFOA, Transcript, 19 February 1999, p. 47

improvement of the lives of the Bougainvillean people. Details of the many and varied projects undertaken by these organisations have been provided in their published submissions.⁴³

- 6.37 Field officers reporting back to NGOs in Australia provide very useful insights into the needs of Bougainville's communities, and consistently emphasise the importance of building basic relationships with the people of Bougainville. As OSB observed:

We believe that it is very important for Australia to use this opportunity to build relationships between ourselves and the people of Bougainville at as basic a level as possible. We believe that this opportunity is there now for us. ... A real danger exists at this point in that ... having watched the international community come right over the top of the Cambodian people, and right over the top of local community organisations and groups, and destroy the grassroots of what could have been a massive and tremendous reconstruction; they come in too heavy, too big and too large. I think that is a huge danger that we have with Bougainville.⁴⁴

- 6.38 The formation of the Bougainville Working Group by several member agencies of ACFOA has recognised the importance of coordinating the efforts of Australian NGOs working in Bougainville.⁴⁵ In regular formal consultations with NGOs, DFAT and AusAID endeavour to bring together a coordinated approach to development assistance programs, including those relevant to PNG and Bougainville.

- 6.39 While acknowledging that its regular consultations with AusAID were now satisfactory after 'some mistrust of NGO activity and ... motivation', Community Aid Abroad (CAA) suggested that more could be done to build the relationships between government and non-government agencies:

NGOs are able to access and work in areas and ways that Government is unable to and CAA would like to encourage this inquiry to look at ways of increasing the cooperation and dialogue between the Australian Government and NGOs as well as finding ways to support a process on Bougainville of round table discussion which is led by Bougainvilleans and includes key

43 See for example submissions from ACFOA, Caritas, Moral Re-armament, Brother M Connell, Community Aid Abroad, OSB/Australian Volunteers International and WVA.

44 OSB/AVI, Transcript, 12 April 1999, p. 81.

45 In evidence, Community Aid Abroad suggested that there were some problems in the Group responding effectively to the changing situation in Bougainville (Transcript, 12 April 1999, p.68).

stakeholders and donors (including international and local NGOs) to review the aid process to date and plan for the future.⁴⁶

International NGOs

- 6.40 The international NGOs presently working in Bougainville are the International Federation of the Red Cross (IFRC), Oxfam New Zealand, ADRA and the Overseas Service Bureau (now Australian Volunteers International).⁴⁷ In evidence, CAA suggested that AusAID should assist in developing a forum for increased cooperation and dialogue between local NGOs in Bougainville as a means of overcoming practical assistance problems and to address the future needs of Bougainville's communities.⁴⁸
- 6.41 Australia has contributed significantly to the operations of the IFRC in Bougainville. For example, Australia committed \$2.3 million in 1998 for resettlement of Bougainville people displaced by the nine years of conflict.⁴⁹ The resettlement funding assisted the IFRC to deliver 700 village resettlement packs containing constructions tools, building materials and gardening implements and to restore water supplies and sanitary systems at 14 health care centres. Part of the funding was allocated to the PNG Red Cross, to establish a permanent base in Bougainville.

Indigenous NGOs

- 6.42 There are around six indigenous NGOs currently working in Bougainville, ranging from village-level groups to larger organisations such as the Bougainville Inter-Church Women's Group.
- 6.43 One indigenous NGO, the Leitana Nehan Women's Development Agency (LNWDA), made a submission to the Committee at the time of the delegation's visit to Buka. The submission commended Australia's assistance and acknowledged that such assistance would be required from external sources for some time to come. LNWDA strongly recommended that most Australian aid be targeted towards rural areas in PNG and Bougainville, and that priority also be given to social development and reconciliation projects.⁵⁰

46 CAA, Submission, p. 360 and Transcript, 12 April 1999, pp. 78-79.

47 CAA, Transcript, 12 April 1999, p. 77.

48 CAA, Submission, p. 360 and Transcript, 12 April 1999, p. 79.

49 AusAID, Media Release AA28, '\$2.3 million for Bougainville Resettlement Assistance', 30 April 1998.

50 LNWDA, Submission, pp. 509-510.

- 6.44 In discussions with LNWDA representatives in Buka on 17 March 1999, the Executive Officer, Ms Helen Hakena, explained the work of the LNWDA, which serves not only Buka and Nissan Islands, but northern parts of Bougainville Island as well. With extremely limited funding, LNWDA works mainly with families and communities and is not solely concerned with the needs of women. LNWDA has also developed youth programs to assist poorly educated and unemployed young men, some of whom are former combatants, in rural areas of Bougainville. LNWDA has also developed modest trauma counselling workshops in the face of growing personal violence, including rape, since the ceasefire.
- 6.45 The discussions highlighted the importance of giving priority in aid to rural areas, where the majority of Bougainvilleans live, where the poverty levels are high and the levels of education and health services are extremely low. The NGO representatives in Buka estimated that there are an estimated 2,000 widows and single mothers as a direct result of the conflict, either from the fighting or as a result of lack of access to basic medical care and the daily essentials of life. The delegation also learned at first hand of the problems associated with youth inactivity and access to home brewed liquor.⁵¹
- 6.46 Increased support by AusAID of indigenous NGOs was strongly supported by their Australian counterparts in submissions to the Committee.

The Bougainville NGO Project

- 6.47 Within the bilateral aid program, AusAID specifically funds the Bougainville NGO Project, which has been in existence since 1991 and has a total estimated value of \$11.9 million. Both Papua New Guinean and Australian NGOs can access the Project, and recent recipients have included the Marist Mission Centre, Moral Re-Armament, the Bougainville Provincial Council of Women and OSB/AVI.⁵²
- 6.48 The main benefit of the Project is that it enables essential supplies to be delivered to areas which are difficult to access and supports community involvement in peace and rehabilitation, including such diverse activities as reconciliation, conflict resolution and delivery of primary health services.

51 JSCFADT, *Interim Report*, p. 17.

52 AusAID, Exhibit 6, 'Activity Details' (information sheets providing descriptions of individual aid projects in Bougainville).

Coordination of Australian, Indigenous and International NGOs

6.49 As stated in the current aid program policy paper issued by AusAID, there are various levels of interaction between the Australian Government and Australian NGOs. While the methods and priorities of NGOs and the Government are not always the same, '[b]y engaging in robust dialogue from different perspectives, the Government and NGOs can enhance aid policy'.⁵³ Forums for policy dialogue operate at a range of levels. A key mechanism is the Committee for Development Cooperation, established in 1974:

In addition to regular forums, the Government consults with specialist expertise in specific countries or sectors. When developing strategies for the aid program in individual countries, the Government may seek the views of NGOs which have well-established links in that country. Similarly, the Government engages in policy discussions with NGOs with specialist knowledge on sectoral issues such as gender, environment, education and human rights.⁵⁴

6.50 In addition, members from the NGO community are represented on the Minister for Foreign Affairs' Aid Advisory Council.

6.51 In evidence, CAA and others suggested that the Australian Government should increase support for cooperation and dialogue with and between NGOs working in Bougainville, not only the Australian NGOs.⁵⁵ CAA's submission advocated recognition of the need not only for aid coordination but for NGO cooperation and information exchanges as well.⁵⁶

6.52 One mechanism that appears to offer the opportunity to coordinate the efforts of indigenous NGOs is the Community Development Scheme (CDS). Although CAA observed that the CDS has its own administrative and other difficulties to overcome, it could in time provide a useful focus for information exchanges and coordination of aid efforts in Bougainville.⁵⁷

53 AusAID, 'Working with Australian NGOs', August 1999, p. 5.

54 Ibid, p. 7.

55 CAA, Submission, p. 360 and Transcript, 12 April 1999, pp. 66-67, 78.

56 CAA, Transcript, 12 April 1999, p. 66.

57 Ibid, pp. 67, 77-78.

- 6.53 Shortly after its election, the new PNG Government announced the formation of a Bougainville Peace and Restoration Office. Radio Australia reported in August 1999 that the Prime Minister had indicated that the Office would focus on 'coordinating the activities of government agencies, foreign aid donors and NGOs, while working closely with local leaders.'⁵⁸ The relationship between the new Office and the previous Office of Bougainville Affairs had not been clarified at the time of writing.
- 6.54 The Committee supports suggestions for greater coordination between indigenous, Australian and international NGOs operating in Bougainville, and encourages AusAID to increase the support already provided through the mechanisms mentioned in this section as well as other avenues such as the CDS and the Office of Bougainville Affairs.

Recommendation 13

- 6.55 **The Committee recommends that, in conjunction with relevant authorities in Papua New Guinea, AusAID review its development programs designed to enhance coordination and information exchanges with and between indigenous, Australian and international NGOs working in Bougainville, so that existing and developing forums for coordination are supported and enhanced.**

The Peace Dividend

- 6.56 The Australian aid program in Bougainville supports Australia's commitment to facilitate the peace process and to promote reconstruction and development via a 'peace dividend' which encourages Bougainvilleans to support that process. For this aim to be achieved, the Bougainvillean communities have to be satisfied that access to the benefits of peace is being distributed fairly among all Bougainvilleans.
- 6.57 So much was destroyed during the nine years of civil war, that almost every aspect of reconstruction and rehabilitation has become a priority. In Bougainville itself, however, there is no effective central priority-setting body in Bougainville, and a key constraint in the development of appropriate aid programs is the lack of a unified voice to determine

58 World News from Radio Australia, <http://www.abc.net.au/ra/newsdaily>, 5 August 1999.

priorities 'on the ground', according to DFAT and AusAID. In the longer term, DFAT sees the eventual establishment of the BRG as being a key factor in helping to ensure aid priorities would ultimately meet the needs of the Bougainvillean people.⁵⁹

- 6.58 The joint DFAT/AusAID/Defence submission acknowledged that there have been criticisms of Australia's aid programs for Bougainville. Some criticisms had more to do with the political positions of the critics than with the evidence and some had been based on misinformation, according to the submission. Other criticisms had more substance:

The levels of aid funding promised by Australia from 1997 were too much at the time. AusAID had little capacity to spend it, and Bougainville had little capacity to absorb it. With political imperatives to spend it, the money could not readily be used in ways that brought optimal benefits to Bougainville. Initially AusAID was not used to operating in a situation such as Bougainville.⁶⁰

Achieving a Balance in Aid Delivery

- 6.59 During the Committee delegation's visit in March 1999, complaints were heard on many occasions about the uneven distribution of aid.⁶¹ Similar criticisms were received in submissions and other evidence alleging bias towards PNG-controlled regions compared with BRA-controlled areas.⁶²
- 6.60 The context of achieving an appropriate balance in the delivery of aid was explained by AusAID in the following terms:

There is a trade-off for us between [an] immediate responsiveness to provide the peace dividend, to have a flexible response to meet the concerns on the ground—such as the peace travel fund and things that are contributing directly to the peace process, employing local youths and so on—and delivering long-term development outcomes for PNG such as the creation of a high school worth \$10 million. Such a school will be there for the next

59 AusAID and DFAT, Transcript, 19 February 1999, pp. 8, 9.

60 DFAT/AusAID/Defence, Submission, p. 604.

61 JSCFADT, *Interim Report*, pp. 13-14, 21.

62 For example, BFM, Submission, p. 109 and Exhibit 4, Media Release, 'PNG-Australia (AusAID) Denying Assistance Where it's Needed on Bougainville', 15 July 1999; and R Gillespie, Submission, p. 316.

20 years and educate thousands of Bougainvilleans. We have to get that balance.⁶³

- 6.61 The range of AusAID's current and planned projects in Bougainville is shown in Appendix L.

Balance in Geographical Distribution of Aid

- 6.62 In its report, the delegation concluded that all Australian aid to Bougainville was delivered in accordance with priorities assigned by the PNG Government, and that there was no bias shown in the planning and delivery of that aid.⁶⁴ As DFAT explained, what could appear to some groups as bias towards the north of the province and in favour of large infrastructure projects was in reality a response to security problems, particularly in south and central Bougainville and recognition of the almost total destruction of the province's infrastructure. For these reasons, major education facilities, for example, were constructed in the north, so that they could be accessed from anywhere in the province, not only from the immediate geographical area.⁶⁵

Balance in the Size of Projects

- 6.63 The question of the relative importance of large infrastructure projects compared with smaller community-based projects was also raised frequently during the course of the inquiry. When the Committee delegation visited Bougainville, the members had the opportunity to inspect two outstanding major projects funded by AusAID—the Bishop Wade High School and Specialised Training Centre at Talena (also spelt 'Tarlena') and the Buka District Hospital. Details of these impressive projects have been published in the delegation's report.
- 6.64 Now that the peace process has produced tangible results in terms of improved security and political stability, AusAID will be discussing with the PNG Government and the Bougainville authorities the requirements for further development assistance. AusAID's expectation is that further large education facilities such as Bishop Wade were unlikely to be provided from external aid sources, but that smaller-scale projects would probably be required in southern and central districts of Bougainville.⁶⁶

63 AusAID, Transcript, 19 February 1999, p. 9.

64 JSCFADT, *Interim Report*, pp. 13-14.

65 DFAT/AusAID, Submission, p. 497. AusAID, Transcript, 4 June 1999, p. 282.

66 AusAID, Transcript, 4 June 1999, p. 282.

- 6.65 Most of the NGOs who appeared before the Committee acknowledged the importance of large infrastructure projects at this stage of the peace process, and supported AusAID's emphasis on such development in the past. However, they also highlighted the need to achieve a balance in the size of the projects for which aid funding is provided, avoidance of what is termed the 'honey pot syndrome', and inclusion of central and southern Bougainville districts in the geographical distribution of the 'peace dividend'.⁶⁷
- 6.66 AusAID has no difficulty with the broad principles involved in seeking to achieve a balance in the total aid program. Indeed, the evolving nature of Bougainville's development assistance needs has been factored into AusAID's planing for the future.⁶⁸
- 6.67 While recognising AusAID's well-respected contribution towards developing and delivering major community infrastructure projects such as Buka District Hospital, the Talena campus and the upgrade of Buka Airport, the committee delegation formed the view that improvements could be made in the delivery of smaller projects such as the Laguai Aid Post Clinic south west of Buin, which was then under construction. In her submission, Sister Pauline Tomitom drew attention to the desperate need for basic medical supplies and materials at the clinic.⁶⁹ The delegates heard during discussions with community groups that there were many examples of such basic shortages elsewhere in the more remote parts of central and southern Bougainville Island.
- 6.68 The need to achieve a balance between large infrastructure projects and smaller community-based projects has been acknowledged by DFAT and AusAID, together with the dangers of creating community dependence:
- A balance is perhaps needed between large infrastructure projects and smaller community based projects. But the latter may need to be designed so as not to contribute to what some observers fear is an already growing dependency of local communities. Hence some form of real community contribution may be needed. But small-scale projects of this kind would be very expensive to administer.⁷⁰
- 6.69 Similar sentiments were expressed in evidence from Mrs Rae Smart and Mr John Davidson, with particular reference to the need for providing

67 For example, CAA, Transcript, 12 April 1999, pp. 64-65, 67 and submissions and evidence from Caritas, World Vision, ACFOA, and AVI.

68 AusAID, Transcript, 19 February 1999, p. 9.

69 Sister P Tomitom, Laguai Aid Post Clinic (Exhibit 8). JSCFADT, *Interim Report*, p. 22.

70 DFAT/AusAID/Defence, Submission, p. 605.

balanced educational and medical facilities in a range of locations in Bougainville.⁷¹

Local Involvement in Aid Projects

6.70 A consistent theme advanced by various NGOs and acknowledged by AusAID and DFAT was the importance of ensuring adequate community consultation on the scale and priorities for assistance, as well as ensuring maximum involvement of local labour in undertaking smaller projects. WVA and Lawrence Smith went even further, to suggest that large infrastructure projects could be divided into smaller segments to enable local contractors and labourers to gain employment and experience along the lines of the Gazelle Restoration Authority model.⁷²

6.71 DFAT and AusAID agreed that one of the priorities in providing assistance to Bougainville is employing as many Bougainvilleans as possible on the aid projects, and provided an indication of the numbers involved:

More than 200 Bougainvilleans have been employed in long-term reconstruction and about 3,000 people have been engaged as casual labourers. Employment of Bougainvilleans is important especially in regard to the youth of Bougainville.⁷³

6.72 As has been stated above, there was wide support in the evidence from NGOs and others for encouraging greater local involvement in the implementation of development projects. The prospects for increased long-term gains by using local resources would outweigh any extra time which might be taken to complete particular projects, a point made by Lawrence Smith and others in submissions and evidence.⁷⁴

Recommendation 14

6.73 The Committee recommends that AusAID examine the feasibility of enhancing the opportunities for local contractors and employees to benefit from engagement in larger aid projects by dividing such projects into smaller components.

71 J Davidson and R Smart, Transcript, 7 May 1999, pp. 163-164.

72 WVA, Submission, pp. 282-283; L Smith, Submission, p. 436.

73 DFAT/AusAID/Defence, Submission, pp. 497-498 and Transcript, 19 February 1999, p. 7.

74 L Smith, Submission, p. 427 and Transcript, 7 May 1999, p. 188. WVA, Submission, pp. 282-283.

6.74 The Committee re-affirms the view expressed in the interim report that, notwithstanding the importance of major infrastructure projects such as the Buka District Hospital, the Talena campus and the upgrade of Buka airport, that greater flexibility in the delivery of small-scale community projects is now becoming increasingly necessary. The delegation considered that a proportion of available funds could be set aside to enable support to be given to 'grass roots' community projects.⁷⁵ To some extent, AusAID's assistance programs such as the Bougainville Community Projects Scheme have the capacity to respond quickly to identified community needs.⁷⁶ However, there is scope to enhance that capacity, in the Committee's view.

Recommendation 15

6.75 **The Committee recommends that AusAID review capacity within the aid program for Bougainville, to enhance opportunities to respond quickly and flexibly to identified community need for small-scale assistance projects.**

The Neutral Role of the Peace Monitoring Group in Aid Delivery

6.76 As DFAT explained, the Australian Government is seeking to ensure that the PNG central government and the BRG, when it is eventually established, provide services to the province in conjunction with the national government. Otherwise, the danger would be that the Peace Monitoring Group (PMG) would become a de facto administration. Indeed, DFAT emphasised the deliberate decision not to involve the PMG in reconstruction or delivery of aid:

If the Peace Monitoring Group becomes involved in reconstruction work, it loses its neutrality because it then has to take political decisions [G]iven its current arrangements and the level of logistics support necessary on the island, it would most likely be done in a military way. We would end up with more people on the island, not less, and that is not what we want.⁷⁷

75 JSCFADT, *Interim Report*, p. 22.

76 AusAID, Exhibit 6, 'Community Projects Scheme'.

77 DFAT, Transcript, 19 February 1999, pp. 19-20.

- 6.77 The Committee endorses the approach of dissociating the PMG from aid delivery and reconstruction tasks. In submissions and evidence, there was consistent praise for the excellence of the work being done in Bougainville by the PMG. From the Committee delegation's own observations in March 1999, the professionalism and commitment of the unarmed PMG personnel from the region were clearly evident, as were the regular and impartial contacts with Bougainville communities and their leaders. The delegation visited the PMG's health facilities at Loloho, which provide some hospital and medical services to surrounding communities, particularly emergency treatment. These community services, including medical evacuation from remote areas when necessary, have further enhanced the positive image of the PMG for the people of Bougainville.

Community-based Projects in Bougainville

- 6.78 The Committee delegation concluded after its visit that AusAID resources located in Bougainville should be increased in order to assess and coordinate development needs more accurately, particularly for smaller scale community-based projects.⁷⁸ In similar vein, an interesting point made by AVI was that some of the smaller, community-based projects are actually more intensive administratively, and are more time consuming than larger projects:

Larger projects are put out to tender and a subcontractor will take over and report to you on a regular basis. Extra capacity is required to effectively administer some of the smaller community-based projects. If you do not have the capacity you end up with very bad PR on the ground in Bougainville. Unfortunately that is happening at the moment.⁷⁹

- 6.79 In response, AusAID explained that there are two AusAID staff based in Bougainville, one of whom is locally engaged. AusAID added that systems have been established to monitor and coordinate the aid activities which are largely managed on an outsourced basis through contractors, and that there were other sources of direct information on the actual aid activities being undertaken in Bougainville. There is an AusAID-funded staff member working with the provincial administration as well as four district level staff assisting with aid matters 'on the ground'. In addition, AusAID funds the engagement of several advisers, including Anthony Regan, who work with the various parties to the peace negotiations.⁸⁰

78 JSCFADT, *Interim Report*, p. 20. See also BFM, Submission, p. 397.

79 AVI, Transcript, 12 April 1999, p. 92.

80 AusAID, Transcript, 4 June 1999, p. 271.

- 6.80 In submissions and evidence, it was suggested that additional, practical assistance was needed in Bougainville to assist some communities and NGOs to prepare their applications for support of aid projects and to follow up administrative channels through which that support is delivered.
- 6.81 Professor Maev O'Collins suggested in evidence that more support should be given to helping community groups with the administrative aspects of aid applications and accountability requirements.⁸¹ Alan Weeks from Moral Re-Armament (MRA) made similar comments to the Committee:
- Time and again the people I met in the villages said, 'We have asked for the documentation to put in a submission to AusAID and now we have this mass of paper—what do we do with it?'.⁸²
- 6.82 A similar recommendation was made by BFM in its submission, recommending the engagement of BRG officers to facilitate applications for support and to improve administrative liaison with AusAID centres in Bougainville.⁸³ Marilyn Havini suggested that clearing the 'bottle-necks' and inefficiency in aid administration should be given a higher priority by AusAID, her recommended solution being to establish clearing offices in Arawa and Buin as well as Buka, to streamline processing and monitoring procedures.⁸⁴
- 6.83 AusAID acknowledged that the Community Development Scheme, under which consultants and volunteers such as the District Development Officers (DDOs) work closely with communities, has not worked as effectively as AusAID would have liked. AusAID indicated that over-complexity of the guidelines developed for the Scheme was the main reason for revising its focus. As an interim measure, the DDOs are placed in district offices helping the communities prepare project proposals and to streamline administrative procedures, as well as to strengthen administrative skills.⁸⁵ One of the DDOs now returned to Australia explained their work with foreign aid donors and NGOs, assisting community leaders and community groups to apply for grants, to run community projects and to re-establish basic services at a community level

81 M O'Collins, Transcript, 21 May 1999, p. 218.

82 MRA, Transcript, 12 April 1999, p. 114.

83 BFM, Submission, pp. 397-400.

84 M (Marilyn) Havini, Transcript, 13 April 1999, p. 129.

85 AusAID, Transcript, 4 June 1999, p. 273-274. A good description of the Bougainville DDO Project (a pilot project managed by AVI and funded by AusAID) was provided in a personal submission from the five Australian personnel involved—Submission, pp. 533-538.

in Bougainville. It had been found, for example, that sport provided a useful entrée to other development opportunities for youth.⁸⁶

- 6.84 The Committee concluded that effective administration of smaller, community-based projects in Bougainville warranted on-going review by AusAID to maintain the necessary links with communities, to assist with administrative liaison and to build administrative capacity in district offices and community leaders, and to assist in liaison with aid donor organisations.

Recommendation 16

- 6.85 **The Committee recommends that AusAID review the administrative guidelines and processing procedures for project funding and also consider increasing the resources available to Bougainville communities, in order to assist community groups to prepare proposals for aid projects and to comply with the relevant administrative and accountability guidelines associated with small-scale aid projects.**

Recommendation 17

- 6.86 **The Committee recommends that, building on the experience of projects such as the pilot Bougainville District Development Officer Scheme, AusAID give priority to increasing the administrative capacities of community leaders and community groups, in order to enable maximum access to be gained to available funding assistance, and to increase local skills in liaison, evaluation and other administrative tasks.**

Sustainability Issues and Exit Strategies for Aid Projects

- 6.87 The widely acknowledged need for coordination of the work of external aid agencies in Bougainville and for maintaining links with local authorities should be complemented by the development of sustainability and exit strategies, according to Anthony Regan:

There is a sense that because the Bougainville administration is weak there is no need to deal with them—that they will only get in

86 K Snyder, Transcript, 12 April 1999, p. 90.

the way—whereas the aim should be to have a clear understanding with the administration of whether what they are doing is important and ensuring that, whatever is done, there is an exit strategy which ensures that somebody else can pick it up and run with it.⁸⁷

6.88 The Committee concurs with this view.

Restoration of Civil Authority

6.89 At the conclusion of its visit to Bougainville, the Committee delegation expressed confidence that the next phase of the peace process would concentrate on determining the mechanisms for restoring civil administration to Bougainville. This confidence stemmed mainly from the delegation's observation of the almost universal support for the peace process itself.⁸⁸ Disarmament and restoration of civil authority, as an integral part of the peace process, are key planks of all the agreements from the Burnham Declaration of July 1997 to the Matakana and Okataina Understanding of April 1999.

Law and Order

6.90 DFAT acknowledged that there were still law and order problems in Bougainville, 'but ... no worse than elsewhere in [PNG]'.⁸⁹ Shortly after his government's election, Sir Mekere Morauta acknowledged the huge social and economic costs of PNG's law and order problems, and the systemic and systematic corruption in the public sector.⁹⁰

6.91 Slow progress on disarmament, large numbers of unemployed youths who were formerly warriors, and availability of home-brewed liquor, has been widely recognised in the literature and in the evidence as a potent combination which has been responsible for declining law and order.⁹¹ As WVA pointed out, it is probably unrealistic to have expected all weapons to be surrendered rather than hidden, until there is greater confidence from all sides that an acceptable political outcome would be achieved at

87 A Regan, Transcript, 4 June 1999, p. 289.

88 JSCFADT, *Interim Report*, p. 23.

89 DFAT, Transcript, 19 February 1999, p. 2.

90 Reported by Asia Pulse, 'New PNG PM to Hand Down Mini Budget Early August', 19 July 1999.

91 For example, WVA, Submission, p. 180.

some stage in the peace negotiations.⁹² Some encouraging signs were noted by the Committee delegation in March 1999, one of these being the formation of joint patrols by BRA and Resistance supporters in certain areas. The BFM also saw these patrols as a positive development.⁹³

Civil Police Training and Recurrent Funding

- 6.92 The signatories to the Lincoln Agreement endorsed the need for restoration of civil authority, including civil policing, in Bougainville as a key component of the peace process. At the request of the PNG Government, AusAID sent a needs assessment mission to Bougainville in March 1998. That mission recommended a program of immediate assistance for the training of auxiliary police. Australia and New Zealand each provided a police adviser for an initial six-week training program in the Arawa region, which concluded in June 1998 with the graduation of 30 auxiliary police who were to provide a community-based police presence dealing with local law and order issues. The project activity documents indicate that Australia is prepared to consider providing follow-up assistance in this important sector, subject to receiving an official request from the PNG Government and agreement of all the parties.⁹⁴
- 6.93 During the Committee delegation's visit to Bougainville, the members learned that the training program had lapsed due to the absence of funding for salaries of the trained auxiliary police. The delegation's report suggested that the issue of recurrent funding for key projects such as this should be considered further by AusAID.⁹⁵
- 6.94 As Professor O'Collins has stated, the re-establishment of formal police services is 'a sensitive balancing act, reflecting the problematic role played by units of police as part of the security forces deployed on Bougainville during the crisis'.⁹⁶ Professor O'Collins stressed the importance of ensuring that projects involving the restoration of civil authority also included support for human rights concerns and training in conflict resolution and mediation skills, not only for auxiliary police but for the experienced police personnel as well.

92 WVA, Transcript, 12 April 1999, p. 101.

93 JSCFADT, *Interim Report*, p. 16. Marilyn Havini, Transcript, 13 April 1999, p. 126.

94 AusAID, 'Activity Details: Bougainville Support to Civilian Policing', Exhibit 6. The document mentions the difficulties of maintaining police salaries and operations budgets in view of the current economic predicament of the PNG Government.

95 JSCFADT, *Interim Report*, p. 23.

96 M O'Collins, Submission, p. 293.

- 6.95 In evidence AusAID indicated that aid funds have been used in the past when appropriate to meet recurrent cost arrangements in Bougainville. However, AusAID also indicated that recurrent funding arrangements were not normally accepted in the bilateral aid relationship. The main objections to recurrent external aid funding are the PNG sovereignty issues already mentioned, doubts about sustainability of such solutions over time and the need to develop exit strategies to ensure that aid support has an end date.⁹⁷
- 6.96 On balance, the Committee considers that the avenue of recurrent funding for institution-building projects with a potential for long-term benefit, such as the auxiliary police training project conducted in Arawa, should be given further consideration by AusAID. This is especially important where particular projects, such as those addressing law and order problems, could contribute significantly to enhancing the climate for a permanent peace.

Recommendation 18

- 6.97 **The Committee recommends that AusAID give particular priority to the provision of recurrent funding assistance for projects in Bougainville which have key significance for achieving a permanent peace settlement, for example law and order issues addressed by supporting salaries funding for trained auxiliary police.**

The Future for Mining Operations in Bougainville

- 6.98 In the centre of a 'no-go area' declared by rebel leader Francis Ona, is the huge Panguna open-cut copper mine formerly operated by Bougainville Copper Ltd (BCL). BCL was created for the sole purpose of operating the Panguna mine, and is owned by an Anglo-Australian company, Rio Tinto Ltd (formerly CRA Ltd—53.6 per cent), the PNG Government (19.1 per cent) and the public (27.3 per cent). Mining operations were conducted from 1972 until 1989, when escalation of civil unrest resulted in the closure of the mine.⁹⁸
- 6.99 After the PNG Government's secret plans to use Sandline mercenaries on Bougainville were revealed by the international press on 22 February 1999,

97 AusAID, Transcript, 4 June 1999, pp. 271-272.

98 BCL, Submission, p. 179.

its was discovered that a proposal to hold a controlling interest in BCL was central to that government's plan to reopen the mine.⁹⁹ Before its closure, the Panguna mine accounted for around 40 per cent of PNG's annual export revenue.

- 6.100 Anecdotal evidence from NGO representatives who had been to Bougainville in recent times reinforced the Committee's understanding that there is no strong community support in Bougainville for reopening the Panguna mine.¹⁰⁰ Indeed, there are a range of community views on the issue, which remains a very sensitive one. Although the actual extent of community feeling either for or against resumption of mining operations in Bougainville was not able to be gauged with any certainty, NGO representatives with substantial experience in Bougainville and BCL's Australian director all inclined to the view that at the community level there was considerable anti-mining sentiment in evidence. However, some leaders in Buka were not opposed to resumption of mining in the interest of bolstering Bougainville's self-reliance.¹⁰¹
- 6.101 At its 1999 annual general meeting, BCL announced plans to investigate disposal of its assets in Bougainville. In evidence, BCL indicated that even if re-opening the mine were politically and economically feasible, it would take at least three years to restart operations. Further, BCL did not place much emphasis on the likelihood of the mine playing any part in Bougainville's economic recovery in the immediate future.¹⁰²
- 6.102 While remaining a neutral observer of the peace process in Bougainville in recent years, BCL has played a significant part in the past in developing community facilities and training opportunities in Bougainville. Even today, the Bougainville Copper Foundation provides medical and other community services on Bougainville and has assisted the Catholic Church with its educational projects. BCL also assists the PMG with technical advice and facilities when requested to do so.¹⁰³
- 6.103 The Committee agrees with sentiments expressed in the submission from Anthony Regan, in relation to Bougainville's future economic development and the need to encourage Bougainvillean involvement:

Clearly, there are hard choices to be made in terms of future economic planning. The real choices will probably be between an

99 Sean Dorney, *The Sandline Affair*, ABC Books, September 1998, pp. 245, 246. Mary-Louise O'Callaghan, *The Weekend Australian*, 22 February 1999, pp. 1, 8.

100 WVA, Transcript, 12 April 1999, p. 96.

101 MRA, Transcript, 12 April 1999, p. 111. P Taylor, BCL, Transcript, 12 April 1999, p. 61.

102 BCL, Transcript, 12 April 1999, p. 61 and Exhibit 9.

103 BCL, Transcript, 12 April 1999, pp. 52-53, 62. See also Exhibit 10.

economy involving mining and one based on copra and cocoa (with limited contributions from other sources such as tourism, forestry and fishing). But because of the political sensitivity about mining, it is probably much too early in the process for these issues to be considered openly by Bougainvilleans. ... In the meantime, donors and contractors need to be aware of the local sensitivities, and would be well advised to develop programs for encouraging and involving local Bougainville businesses in all aspects of reconstruction activities.¹⁰⁴

Enhancing the Role of Women in Rehabilitation of Bougainville

6.104 In Chapter 4, the past and continuing roles of women in the peace negotiations and the rehabilitation of Bougainville were highlighted. The Committee agrees with WVA that increased assistance should be given to supporting the roles of women in restoring communities and providing leadership.¹⁰⁵ Similarly, CAA argued that women had been excluded from on-going consultative processes and urged AusAID to support a forum for Bougainvillean women to discuss issues relevant to their full participation in the peace process.¹⁰⁶ The Committee agrees that the effective participation of women in all phases of the peace process is essential.

Recommendation 19

6.105 **The Committee recommends that AusAID ensure that there are explicit programs designed to enable women to participate fully in all phases of the peace process.**

Reconciliation and Trauma Counselling

6.106 A wide range of submissions and evidence during the inquiry clearly supported acknowledgment of cultural sensitivities and the traditional Melanesian approach to reconciliation processes in designing any reconciliation or conflict resolution projects.¹⁰⁷ One such program, the

104 A Regan, Submission, p. 599.

105 WVA, Submission, p. 184 and Transcript, 12 April 1999, p. 113.

106 CAA, Submission, p. 467 and Transcript, 12 April 1999, p. 66.

107 For example, DFAT, Transcript, 19 February 1999, p. 2; MRA, Submission, p. ;ACFOA, Transcript, 19 February 1999, p. 43; A Dawia, Submission, pp. 11-12 and Transcript, 7 May 1999, p. 190; Connell, Submission, pp. 75, 81-84 and Transcript, 7 May 1999, pp. 176-177.

Bougainville Trust-Building Project conducted by MRA with funding from AusAID, comprises a program of workshops to teach basic conflict resolution skills.¹⁰⁸ Several witnesses confirmed that land tenure is one of the main causes of grievance in Bougainville in the aftermath of the conflict.¹⁰⁹

- 6.107 Similarly, NGOs and other organisations consistently recommended support be given to the establishment or improvement of trauma counselling and conflict resolution programs for the victims of violence and deprivation. DFAT confirmed that conflict resolution and trauma counselling were high priorities for assistance, particularly for young people, but highlighted the importance of sensitivity to Melanesian culture and customs in developing assistance strategies.¹¹⁰ AusAID's Bougainville Community Projects Scheme and the Bougainville NGO Project are currently the principal mechanisms for providing small scale support for self-help to communities in developing negotiation, conflict resolution and counselling skills among their inhabitants.¹¹¹ Some NGOs, for example the Marist Mission Centre, the IFRC, MRA and the Bougainville Provincial Council of Women, have conducted small-scale reconciliation/conflict-resolution and trust-building projects in Bougainville, with some assistance from AusAID.¹¹² Brother Connell suggested that in-service training of selected school teachers in conflict-resolution and counselling might be one means of reaching vulnerable youth.¹¹³
- 6.108 WVA's comments in evidence highlighted the basic problem of securing the future for young men in particular who, until recently, had known only armed conflict:

... a lot of these young men had put down their guns and some of them were picking up a bottle and drinking because there did not seem to be a peace dividend that was offering them the sorts of economic opportunities they wanted. I am not sure of the numbers that are still worried about what the future will be for

108 MRA, Submission, pp. 185-186 and Transcript, 12 April 1999, pp. 105-106.

109 WVA, Submission, p. 280. Professor John Lea, Transcript, 13 April 1999, p. 139. P Taylor, Transcript, 12 April 1999, p. 55.

110 DFAT, Transcript, 19 February 1999, p. 7.

111 See Exhibit 6, 'Activity Details'.

112 AusAID, Exhibit 6, 'Bougainville NGO Project and Transcript, 4 June 1999, p. 279.

113 M Connell, Submission, pp. 75, 81-84 and Transcript, 7 May 1999, p. 176. A Dawia, Submission, pp. 11-12 and Transcript, 7 May 1999, p. 190.

them. It is a long-term process and it is also tied up with the reconciliation process.¹¹⁴

- 6.109 Caritas suggested in a discussion paper that consideration be given to establishing a 'Truth and Reconciliation Commission' for Bougainville, along the lines of the successful initiatives tried in countries such as South Africa. Alex Dawia supported such a proposal as long as it had strong community support and involved appropriate skills training in conflict resolution and trauma counselling, for example.¹¹⁵ However, as Anthony Regan explained, there were dangers in setting up a large formal process which might conflict with Bougainvilleans' own community-based processes:

Bougainvilleans constantly say to me, 'Look, we want to handle the truth and reconciliation in our own way. We want to deal with it locally and through our own communities, through our own cultural processes'. There are dangers in putting everything on the table in a huge process, because that creates pressures and movement dynamics that are no longer able to be worked with in the local communities and through traditional processes.¹¹⁶

- 6.110 On balance, the Committee did not consider a type of 'Truth and Reconciliation Commission' to be the best way forward, preferring other suggestions which supported traditional Melanesian approaches to grieving, reconciliation and conflict-resolution.

Recommendation 20

- 6.111 **The Committee recommends that AusAID discuss with the Papua New Guinea Government and Bougainville authorities the assignment of greater priority to small, community-based projects designed to develop negotiation, conflict resolution and counselling skills within Australia's development assistance programs for Bougainville.**

114 WVA, Transcript, 12 April 1999, p. 96.

115 Caritas Australia, Exhibit 12 and Transcript, 13 April 1999, p. 148. A Dawia, Bougainville Survivors of Trauma Association Inc., Transcript, 7 May 1999, p. 191.

116 A Regan, Transcript, 4 June 1999, p. 290.

Rebuilding of Bougainville's Archives

6.112 Prior to the conflict, there were excellent libraries and archival resources available in Arawa and other centres throughout Bougainville. In her submissions and during her evidence, Professor O'Collins suggested that with assistance from within and outside PNG, it should be possible to identify and acquire relevant library and archival material to rebuild those resources.¹¹⁷ Artefacts and materials such as these would provide a useful background for policy making and planning for a whole range of future administrative services in Bougainville:

As a project for restoring the community sense of 'who we are and who we came from', that is something which an AusAID project might not normally have been involved in, but it is something I think we should think about.¹¹⁸

6.113 The Committee contacted several Australian institutions which might hold collections relevant to Bougainville's history and development. Responses from the National Museum of Australia, National Archives and the National Library of Australia indicated that there are substantial reference collections and some artefacts which could be copied or otherwise made available to Bougainville authorities. It is of interest to note that the Department of Finance and Administration recently passed to the PNG High Commissioner in Canberra a collection of historical records to be held by the PNG Institute of Public Administration.¹¹⁹

6.114 There may also be scope for commercial operators such as BCL to provide historical and other material from their own archives which could be made available to rebuild Bougainville's collections.

6.115 Accordingly, the Committee endorsed Professor O'Collins' suggestion that the provision of Australian funding support for Bougainville archival projects be examined further.

117 M O'Collins, Submission, p. 294.

118 M O'Collins, Transcript, 21 May 1999, p. 220.

119 PNG *National*, 'Australia Hands Over Historical Records', 29 June 1999.

Recommendation 21

- 6.116 **The Committee recommends that AusAID examine the possibility of allocating aid funding for projects designed to assist in rebuilding the archives and library collections of Bougainville by locating relevant material held in Australian collections, and either copying the records or making them available to the Bougainville authorities in some other way.**

Sohano Memorial

- 6.117 The Committee's interim report referred to the need for regular maintenance of the Sohano Memorial to allied soldiers, coast watchers and loyal Bougainvilleans who died during the Second World War. The report suggested the Australian High Commission in Port Moresby make inquiries into the history of the memorial and ascertain whether it would be appropriate for the Department of Defence, the Department of Veterans' Affairs or another agency to provide on-going maintenance of the site.¹²⁰
- 6.118 In a subsequent letter to a member of the delegation, the Minister for Veterans' Affairs informed the Committee that the exact origin of the memorial's construction is unknown but that it is similar to many other memorials constructed by various army units throughout PNG. As such, the Sohano memorial is not classified by the Office of Australian War Graves (OAWG) as an official battlefield memorial, and responsibility for maintenance rests either with the unit concerned or the local government authority. The Minister indicated that Australian soldiers from the PMG stationed in Buka have been undertaking maintenance in their own time and, in future, staff from OAWG will inspect the memorial whenever they are in the area, to carry out basic maintenance if necessary.¹²¹

120 JSCFADT, *Interim Report*, p. 23.

121 Hon Bruce Scott, MP, Minister for Veterans' Affairs, 27 July 1999.

Electoral Assistance for PNG

- 6.119 In its submission, the Australian Electoral Commission (AEC) explained that it has a well-established reputation for the provision of high quality international electoral assistance. AEC has considerable depth of experience in the organisation and conduct of elections in the context of a peace operation, and also has strong contacts and relationships with its counterparts in the Pacific region.¹²²
- 6.120 In evidence, DFAT indicated that, because of the inadequacy of the electoral rolls and PNG's difficult budget situation, there were some doubts about there being capacity for effective democratic elections to be held in Bougainville. DFAT agreed that AEC has the expertise to assist PNG to prepare for the BRG elections.¹²³ World Vision considered it would be more appropriate for the AEC to assist in educating Bougainvilleans on electoral processes than for non-indigenous NGOs to do so, for example.¹²⁴
- 6.121 The Committee understands that AusAID has provided funding for AEC staff to conduct a range of support activities in the AEC's areas of expertise, for a number of countries in the region as well as further afield. These forms of assistance may well be applicable to the Bougainville situation.

In Conclusion

- 6.122 After more than nine years of violence, the momentum for peace appears to be firmly on the agenda for the people of Bougainville and their leaders, despite occasional setbacks. This was certainly not the case before mid 1997, when the formal peace process began with the signing of the Burnham Declaration. Many of the thousands who died during the conflict did so at the hands of other Bougainvilleans.
- 6.123 Apart from the immense human tragedies of the war in Bougainville, there has been an almost total destruction of the province's social and political infrastructure as well as its economy. Restoration of basic communications, and the reconstruction of health, education and other essential services are undeniably huge tasks. The importance of achieving

122 AEC, Submission, pp. 189, 192.

123 DFAT, Transcript, 19 February 1999, p. 24.

124 WVA, Transcript, 12 April 1999, pp. 99-100.

an appropriate balance between large infrastructure projects and small-scale community projects has been emphasised in evidence and acknowledged by the Committee.

- 6.124 Australia's pivotal role in conjunction with other regional countries and international agencies in encouraging the momentum for peace and assisting in the reconstruction and rehabilitation of Bougainville's political, social and economic foundations has been acknowledged. As many contributors to the inquiry observed, it is essential for there to be a 'Bougainville-led' recovery and for external assistance to be consistent with that aim.
- 6.125 In the delegation's report of March 1999, the Committee recognised that the scale of AusAID's task for reconstruction and rehabilitation is far greater in Bougainville than any of its previous aid programs, presenting what DFAT and AusAID later described as 'a steep learning curve'.¹²⁵ The Committee also acknowledged in the report the enormous difficulties under which the Australian aid program had to be conducted before the advent of the current peace process in mid 1997 enabled more structured and comprehensive approaches to be adopted.¹²⁶
- 6.126 AusAID will be in Bougainville for a very long time. As the Committee delegation observed, the restoration of basic communications, and the reconstruction of health, education and other essential facilities and services, are huge tasks which will take many years, and will require considerable on-going external aid.¹²⁷
- 6.127 While this report marks the conclusion of the Committee's current inquiry into the Bougainville peace process, it by no means indicates the conclusion of the Committee's long-standing interest in Bougainville and PNG as a whole. Accordingly, the Committee will continue to monitor future developments in Bougainville with considerable interest.

Senator Alan Ferguson
Chairman

125 DFAT/AusAID, Submission, p. 605.

126 JSCFADT, *Interim Report*, p. 20.

127 *Ibid*, p. xiii.

